

COASTSIDE COUNTY WATER DISTRICT

766 MAIN STREET

HALF MOON BAY, CA 94019

SPECIAL MEETING OF THE BOARD OF DIRECTORS

Tuesday, July 10, 2007

6:00 p.m. - CLOSED SESSION

7:00 p.m. - OPEN SESSION

AGENDA

The Coastside County Water District does not discriminate against persons with disabilities. Upon request, the agenda and agenda packet can be provided in a format to accommodate special needs. If you require a copy of the agenda or related materials in an alternative format to accommodate a disability, or if you wish to attend this public meeting and will require special assistance or other special equipment, please call the District at (650) 726-4405 in advance and we will make every reasonable attempt to provide such an accommodation.

The Board of the Coastside County Water District reserves the right to take action on any item included on this agenda.

- 1) CLOSED SESSION (6:00 p.m.)**
 - A. Public Employment**
Public Employment Pursuant to Government Code
Section 54957
Title: General Manager
 - B. Conference With Labor Negotiators**
Agency Designated Representatives: Acting GM, Legal Counsel
Unrepresented Employees: Operations Staff

2) RECONVENE TO OPEN SESSION (7:00 p.m.)

Public report of closed session action

3) ROLL CALL

4) PLEDGE OF ALLEGIANCE

5) PUBLIC ANNOUNCEMENTS

Any person may address the Board of Directors at the commencement of the meeting on any matter within the jurisdiction of the Board that is not on the agenda for this meeting. Any person may address the Board on an agenda item when that item is called. The chair requests that each person addressing the Board limits their presentation to three minutes and complete and submit a Speaker Slip.

6) PUBLIC HEARING - PROPOSED RATE INCREASE ([attachment](#))

- Public Hearing to consider proposed amendment of Rate and Fee Schedule to increase water rates up to 6.6%.
- Consideration of Resolution 2007-10 - A Resolution of the Board of Directors of the Coastside County Water District Amending the Rate and Fee Schedule to Increase Water Rates

7) AGENDA ITEMS AND DIRECTOR'S COMMENTS

- A. Rescheduling of Regular July Board of Directors meeting to Friday, July 20, 2007 at 3:00 p.m.

8) ADJOURNMENT

STAFF REPORT

To: Coastside County Water District Board of Directors

Agenda: July 10, 2007

Report

Date: July 5, 2007

Subject: Public Hearing to consider proposed amendment of Rate and Fee Schedule to increase water rates up to 6.6% and Consideration of Finance Committee's recommendation of lesser increase of 4.6% increase; Resolution 2007-10 – A Resolution of the Board of Directors of the Coastside County Water District Amending the Rate and Fee Schedule to Increase Water Rates

Recommendation:

- Conduct a public hearing on a proposed water rate increase of commodity charges and base charges of up to 6.6%.
- Consider Finance Committee's recommendation of adopting a lesser increase in the amount of 4.6%.
- Adopt Resolution 2007-10 A Resolution of the CCWD Board of Directors Amending the Rate and Fee Schedule to Increase Water Rates.

Background:

At the May Board of Directors meeting, following months of meetings of the CCWD Finance Committee and Board of Directors, the Board approved the fiscal year 2007/2008 Budget. Per the Board's direction, the District scheduled a Public Hearing for Tuesday, July 10, 2007 to consider a rate increase of up to 6.6% to fund the

STAFF REPORT

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Page Two

District's projected operating costs. Subsequently, the Finance Committee determined that the revenue over expenses for the 2006-2007 fiscal years would exceed budgeted amounts largely due to the receipt of unanticipated County Tax Revenue and ERAF funds. Based upon the higher-than-expected revenue over expenses for FY2006-2007, the Finance Committee is recommending that the Board consider a 4.6% increase instead of the 6.6% increase originally forecast. The 4.6% rate increase would result in an increase to revenues of \$230,000.

Two of the largest causes of the rate increase are the rate increase of our raw water prices by the San Francisco Public Utilities Commission (SFPUC) and a very aggressive and mandatory CCWD Infrastructure Replacement Program.

Two ads were placed in the Half Moon Bay Review (May 30 and June 6, 2007 and a copy of the Public Hearing Notice was sent to all of the District's customers (copy attached). A copy of the notice was also placed on the District's website. As of the date of this staff report, staff has received one letter and no emails regarding the proposed rate increase.

**NOTICE OF PUBLIC HEARING
PROPOSED RATE INCREASE**

Dear CCWD Customer:

NOTICE IS HEREBY GIVEN that the Coastside County Water District (CCWD) Board of Directors will hold a public hearing to consider a proposed increase in the District’s water rates. The amount of the rate increase attributable to your property/account is set forth in the table below. This new proposed rate schedule represents an increase over the current charges for water service of up to **6.6%**. Based on a number of factors beyond the District’s control including, most notably, anticipated increases in the wholesale cost of water purchased from the San Francisco Public Utilities Commission, the Board previously predicted that it would be necessary to impose annual rate increases of at least 7% per year for the next several years.

The public hearing will be held on July 10, 2007. Members of the public will have an opportunity to address oral and written communications to the Board at this hearing, which will be held at the District office, located at 766 Main Street, Half Moon Bay, California and will begin at 7:00 p.m.

The proposed rate increase is necessitated by a number of factors: 1) Bond costs for Capital Improvement Program over next several years; 2) an increase in wholesale water rates from the San Francisco Public Utilities Commission; 3) increased costs of compliance with the changing regulatory requirements; 4) an infrastructure upgrade program for our two water treatment plants and distribution system required to satisfy new water quality standards imposed upon all water districts in California and 5) continuing improvements to security systems required to satisfy increased homeland defense regulations. The CCWD 2007-2008 fiscal year budget describes the anticipated revenues and expenses in further detail. Copies are available at the District office or online at www.coastsidewater.org.

PROPOSED WATER RATES:

Section 1.A, Base Charge, of the Rate and Fee Schedule is hereby amended to read as follows:

“A. BASE CHARGE” The following base charge is the minimum charge to be paid by all customers on a bi-monthly basis:

<u>Size of Meter</u>	<u>Existing Base Charge</u>	<u>Proposed Base Charge</u>
5/8 inch	\$ 18.83	\$20.07
3/4 inch	\$ 28.32	\$30.19
1.0 inch	\$ 47.20	\$50.32
1.5 inch	\$ 91.15	\$97.17
2.0 inch	\$ 151.07	\$161.04
3.0 inch	\$ 330.48	\$352.29
4.0 inch	\$ 1,133.19	\$1,207.98

Section 1.B, Quantity Charge, of the Rate and Fee Schedule is hereby amended to read as follows:

“B. QUANTITY CHARGE”

In addition to the bi-monthly base charge set forth in Section 1.A, the following quantity charges shall be paid per one hundred cubic (hcf) of water delivered:

1. Residential Customers

<u>Quantity Delivered (During Bi-Monthly Billing Period)</u>	<u>Existing Charge per hcf</u>	<u>Proposed Charge per hcf</u>
1 – 8 Units	\$ 3.08	\$3.28
9 – 25 Units	\$ 3.39	\$3.61
26 – 40 Units	\$ 4.41	\$4.70
41 or more Units	\$ 5.45	\$5.81

2. All Other Customers Existing Rate: \$ 4.19 Proposed Rate: **\$ 4.47 per hcf**

IMPORTANT INFORMATION



PLEASE READ

Coastside County Water District
766 Main Street
Half Moon Bay, CA 94019

www.coastsidewater.org
(650) 726-4405

Presorted
First Class Mail
U.S. Postage
PAID
Permit No. 1
Half Moon Bay,
CA

To:

RESOLUTION NO. 2007-10

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE COASTSIDE COUNTY WATER DISTRICT
AMENDING THE RATE AND FEE SCHEDULE
TO INCREASE WATER RATES**

THIS RESOLUTION IS ADOPTED with reference to the following facts and circumstances which are found and declared by the Board of Directors:

1. The Finance Committee, during consideration and preparation of the budget for Fiscal Year 2006-2007, determined that at current rates and projected levels of water sales and expenses, the District's annual operating and maintenance expenses are expected to significantly exceed revenues.

2. The anticipated increases in expenses are attributable to a number of factors including but not limited to, increased costs associated with compliance with regulatory requirements, increased community outreach for water awareness and conservation, payment of debt service for financing of necessary capital improvements and replacement of aging facilities, higher costs for materials and services, and the funding of depreciation on District infrastructure.

3. The Board considered its options for responding to this situation at a public hearing at which the specific rate proposal enacted herein was addressed. Notice of the public hearing was provided to each parcel subject to the proposed rate increase in accordance with the requirements of California Constitution, Article XIID, subd. 6. At the public hearing, the Board of Directors considered all protests against the proposed rate modification, and written protests against the proposed rate increase were not presented by a majority of owners of the parcels subject to the proposed rate increase.

4. After discussion and consideration of the comments received at the public hearing, the Board finds the rates hereinafter set forth to be reasonable and required for the proper operation of the District.

5. The Board further finds that the amount of the rates hereinafter set forth does not exceed the amount of the estimated costs required to provide the services for which the rates are levied.

6. The board further finds that the increases in rates effected by this resolution are exempt from the California Environmental Quality Act, pursuant to Section 21080(b)(8) of the Public Resources Code, because they are for the purposes of (1) meeting operating expenses, (2)

purchasing or leasing supplies, equipment and materials, (3) meeting financial reserve requirements, and (4) obtaining funds for capital projects necessary to maintain service within existing service areas.

7. The bi-monthly base charges adopted by this Resolution are imposed based on customers' immediate demand on the District and are not imposed upon real property, nor upon a person as an incident of real property ownership, and such charges may be avoided by surrendering the right to receive water service.

8. The quantity charges adopted by this Resolution are imposed based on the amount of water used by the customer and are not imposed upon real property, nor upon a person as an incident of real property ownership, and such rates may be reduced or avoided by customers' reduction or discontinuance of water use.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Coastside County Water District as follows:

1. Section 1.A., Base Charge, of the Rate and Fee Schedule, is amended to read as follows:

"A. BASE CHARGE

The following base charge is the minimum charge to be paid by all customers on a bi-monthly basis:

<u>Size of Meter</u>	<u>Base Charge</u>
5/8 inch	\$19.70
3/4 inch	\$29.62
1 inch	\$49.36
1 1/2 inch	\$95.34
2 inch	\$158.02
3 inch	\$345.44
4 inch	\$1,185.32

2. Section 1.B, Quantity Charge, of the Rate and Fee Schedule is hereby amended to read as follows:

"B. QUANTITY CHARGE

In addition to the bi-monthly base charge set forth in Section 1.A, the following quantity charges shall be paid per one hundred cubic (hcf) of water delivered:

1. Residential Customers

<u>Quantity Delivered (During Bi-Monthly Billing Period)</u>	<u>Charge per hcf</u>
1-8 Units	\$3.22
9-25 Units	\$3.55
26-40 Units	\$4.61
41 or more Units	\$5.70
<u>All Other Customers</u>	\$4.38 per hcf

Residential Customers, for purposes of this Section 1.B, are single family homes, duplexes, condominiums, townhouses and all apartment buildings with individual meters for separate residential dwelling units. Apartment houses with a single "master meter" measuring consumption within multiple dwelling units are not "Residential Customers" for purposes of this Section 1.B."

2. Section 3.D, Portable Meters, of the Rate and Fee Schedule, is hereby amended to read as follows:

"D. PORTABLE METERS

Customers requesting water service through portable meters shall pay:

1. A deposit in an amount, as estimated by the General Manager, equal to the replacement cost of the meter:
2. A bi-monthly rental charge of \$44.76
3. In addition, customers using portable meters shall pay quantity charges pursuant to Section 1.B.2. (All Other Customers)."

3. This Resolution shall be effective on July 11, 2007, and any billing for the current billing cycle as of the effective date shall be pro-rated.

4. The General Manager shall arrange for the Rate and Fee Schedule to be re-codified to incorporate the changes effected by this Resolution.

5. The General Manager is directed to file a Notice of Exemption with the County Clerk and to take such other actions as may be necessary to give effect to this Resolution.

PASSED AND ADOPTED THIS 10th day of July, 2007, by the following vote of the Board:

AYES:

NOES:

ABSENT:

COASTSIDE COUNTY WATER DISTRICT

Chris Mickelsen, Vice-President of the
Board of Directors

ATTEST:

Secretary of the Board